

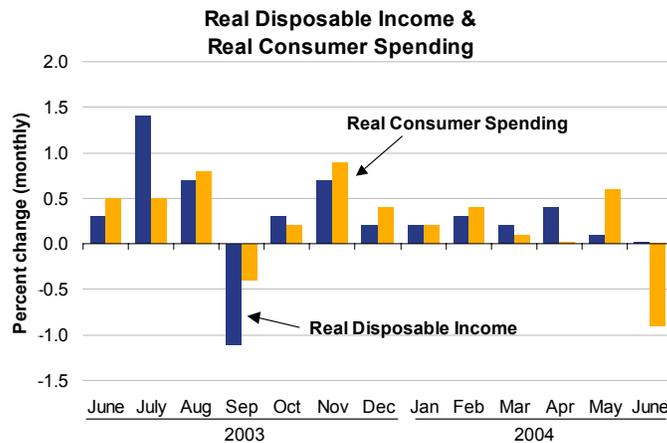


TUESDAY, August 3, 2004

INFLATION-ADJUSTED INCOME FLAT IN JUNE; CONSUMER SPENDING DOWN

Personal Income Estimates

After taking account of taxes and adjusting for inflation, personal income changed less than 0.1 percent in June, and consumer spending decreased 0.9 percent, according to estimates released today by the U.S. Bureau of Economic Analysis. In the preceding month, income had increased slightly and spending had posted a healthy rise.



Real consumer spending eased across the board in June—durable goods, nondurable goods, and services—but a downturn in motor-vehicle purchases was especially pronounced.

Over the last 12 months, real disposable personal income has increased 3.5 percent, and real consumer spending has increased 2.6 percent.

Personal saving was 2.0 percent of disposable personal income in June, up from 1.2 percent in May.

Personal income—the total income received by individuals, before taxes—increased 0.2 percent in June after increasing 0.6 percent in May. (Personal income is *not* adjusted to remove the effects of inflation.) Over the past 12 months, personal income has increased 5.4 percent.

- Proprietors' income and investment income, taken together, account for about one-fourth of personal income, but they accounted for almost two-thirds of the June increase. Compensation of employees, the largest component of personal income, changed little in June.

Note: Estimates for January 2001 through May 2004 have been revised as part of the regular annual revision of the national income and product accounts. The revision will be described in detail in the August 2004 issue of BEA's journal, the *Survey of Current Business*.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: Estimates of personal income and outlays for July, along with revised estimates for April through June, will be released on August 30, 2004.

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